

Message Text

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70

ORIGIN EB-07

INFO OCT-01 AF-08 EUR-12 EA-07 ISO-00 JUSE-00 L-03 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07

INT-05 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01

SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

OMB-01 FEA-01 XMB-02 ACDA-07 NRC-05 OES-06 /128 R

DRAFTED BY EB/IFD/BP:TASCHLENNER:BT

APPROVED BY EB/IFD/BP:HARVEY J. WINTER

EUR/CAN:JROUSE

EA/ANP:HNELSON (SUBS)

JUSTICE:JDAVIDOW

L/EB:SBENSON

EUR/NE:NACHILLES(SUBS)

EB/FSE:WRAMSEY

EB/IFD/BP:WBLOCKWOOD

EUR/NE:EBEIGEL

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P 021844Z SEP 76

FM SECSTATE WASHDC

TO AMEMBASSY PRETORIA PRIORITY

AMEMBASSY CANBERRA PRIORITY

AMEMBASSY BONN PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY PARIS PRIORITY

USMISSION USBERLIN PRIORITY

USMISSION OECD PARIS PRIORITY

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E.O. 11652:N/A

TAGS: ETRD, OECD, UK, CA, FR, GW, AS, SF

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SUBJECT: ANTITRUST: URANIUM PRODUCER'S CARTEL

REF: STATE 163113

1. AS REPORTED REFTEL DEPARTMENT OF JUSTICE (DOJ) ORIGINALLY BEGAN AN INVESTIGATION OF CARTEL ACTIVITY BY PRODUCERS OF FOREIGN URANIUM OXIDE AS EARLY AS JUNE 1975.

RECENT EVIDENCE INDICATES THAT THE MAJOR URANIUM FIRMS IN CANADA, U.K., FRANCE, AUSTRALIA AND SOUTH AFRICA MAY HAVE ESTABLISHED PRICE AND MARKETING ARRANGEMENTS OVER THE EARLY 1970S SOME OF WHICH WERE APPROVED OR DIRECTED BY THE GOVERNMENTS. THIS WAS A TIME WHEN THERE WAS A VIRTUAL U.S. IMPORT EMBARGO ON URANIUM (SCHEDULED TO BE LIFTED IN 1977), BUT JUSTICE ARGUES THAT LARGE SCALE FUTURE CONTRACTS INVOLVING U.S. FIRMS CARRY A SIGNIFICANT IMPACT.

2. IN FEBRUARY 1976 DOJ SENT LETTERS TO CANADIAN AND BRITISH URANIUM MINING COMPANIES REQUESTING VOLUNTARY INFORMATION IN CONNECTION WITH THIS INVESTIGATION.

DENNISON MINES AND RIO ALGOM, BOTH CANADIAN CONCERNS, AND RIO TINTO (BRITISH) WERE CONTACTED. THE CANADIAN FIRMS DECLINED, REFERRING THE REQUESTS TO THE CANADIAN MINISTRY OF CONSUMER AND CORPORATE AFFAIRS (CCA). JUSTICE IS

HAVING CONSULTATIONS WITH OFFICIALS OF CCA. ONE ISSUE WHICH MAY BEAR ON THE CASE IS THE EXTENT TO WHICH THE ACTIVITIES WHICH ARE THE SUBJECT OF THE GRAND JURY PROBE WERE DIRECTLY OR INDIRECTLY THE RESULT OF GOVERNMENT DECISIONS OR ACTIONS.

3. IN THE MEANWHILE, THE DEPARTMENT WAS ADVISED IN JUNE 1976 (SEE REFTEL) THAT DOJ INTENDED TO ISSUE GRAND JURY SUBPOENAS FOR DOCUMENTS AND INFORMATION ADDRESSED TO A "CONSIDERABLE NUMBER OF DOMESTIC SUBSIDIARIES OR AFFILIATES OF FOREIGN CORPORATIONS", INCLUDING, IN ADDITION TO THOSE CANADIAN AND BRITISH FIRMS MENTIONED ABOVE, PECHINEY UGINE KUHLMANN OF FRANCE AND URANGESELL-SCHAFT OF GERMANY.

4. THE LATEST DEVELOPMENT IS THE OBTAINING BY DOJ OF LIMITED OFFICIAL USE

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VARIOUS DOCUMENTS FROM AN ANTNUCLEAR GROUP, FRIENDS OF THE EARTH (FOE), WHICH ARE REPORTED TO BE LETTERS, MEMOS AND MINUTES RELATING TO MEETINGS OF URANIUM PRODUCERS IN SEVERAL CITIES AROUND THE WORLD. THE DOCUMENTS WERE OBTAINED FROM THE AUSTRALIAN CHAPTER OF FOE AND, ACCORDING TO ARTICLES OF AUGUST 30 IN THE "WASHINGTON POST" AND "NY TIMES", WERE LEAKED FROM MARY KATHLEEN URANIUM, LTD., AN AUSTRALIAN URANIUM MINING CONCERN OWNED BY THE

RIO TINTO GROUP. THE POST ARTICLE IN TURN APPEARS TO BE PARTIALLY BASED ON A MORE DETAILED TRADE PRESS STORY APPEARING IN THE AUGUST 19 ISSUE OF "NUCLEONICS WEEK", WHICH INDICATES THAT THE DOCUMENTS CHART THE FORMATION OF THE URANIUM MARKETING RESEARCH ORGANIZATION FROM ITS INCEPTION IN 1972. SUPPOSEDLY THE MEMBERS OF THE ORGANIZATION AGREED IN 1974 TO FIX URANIUM PRICES AND QUOTAS FOR THE PERIOD 1974 TO 1978. THE ORGANIZATION ITSELF WAS APPARENTLY DISBANDED IN JUNE 1975 AND REPLACED BY THE PRESENT URANIUM INSTITUTE HEADQUARTERED IN LONDON.

5. SOME OF THE AUSTRALIAN DOCUMENTS APPEAR TO BE IMPORTANT LINKS IN JUSTICE'S ANTITRUST CASE. FOR INSTANCE, IN AUGUST 1972 THE ORGANIZATION IS SUPPOSED TO HAVE RECOMMENDED THAT MIDDLEMAN FIRMS SUCH AS WESTINGHOUSE AND GENERAL ELECTRIC BE QUOTED A PREMIUM ABOVE PRICES CHARGED IN EQUIVALENT SALES TO OTHERS. HOWEVER, ACCORDING TO "NUCLEONICS WEEK", THIS PROPOSITION DID BRING AN ADMONITION FROM THE AUSTRALIAN ATOMIC ENERGY COMMISSION THAT "DISCRIMINATION IN THIS AREA MIGHT BRING USG RETALIATION AGAINST AUSTRALIA IN REGARD TO ENRICHMENT SERVICES SINCE MIDDLEMEN WERE ALMOST EXCLUSIVELY U.S. FIRMS."

6. DOJ HAS NOW RECEIVED THESE DOCUMENTS FROM FOE AND THE GRAND JURY WILL BE ASSESSING THEM IN THE CURRENT INVESTIGATION. NO DECISION AS TO WHETHER INDICTMENTS ARE WARRANTED IS APT TO BE MADE FOR SIX TO EIGHT MONTHS.

7. FOR OTTAWA: AMBASSADOR WARREN CALLED ON THE ACTING SECRETARY AUGUST 31 AND EXPRESSED HIS CONCERN OVER URANIUM AND POTASH ANTITRUST CASES. RESULTS OF THIS LIMITED OFFICIAL USE

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MEETING WILL BE REPORTED SEPARATELY.

8. ADDRESSEES MAY DRAW ON BACKGROUND INFORMATION IN THIS TELEGRAM AS THEY DEEM APPROPRIATE TO ANSWER INQUIRIES. KISSINGER

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ORIGIN EUR-04

INFO OCT-01 ISO-00 /005 R

66011
DRAFTED BY:EUR/RPE:REBRESLER:CC
APPROVED BY:EUR/RPE:EACASEY
----- 119461

R 150855Z SEP 76
FM SECSTATE WASHDC
TO USMISSION EC BRUSSELS

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FOL REPEAT STATE 218060 ACTION PRETORIA CANBERRA BONN LONDON
OTTAWA PARIS USBERLIN OECD PARIS SEP 2, 1976

QUOTE

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UNQUOTE. ROBINSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
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Concepts: ANTITRUST, URANIUM, INVESTIGATIONS, PRICE FIXING
Control Number: n/a
Copy: SINGLE
Draft Date: 02 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE218060
Document Source: CORE
Document Unique ID: 00
Drafter: TASCHLENNER:BT
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760333-1166
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760996/aaaadehc.tel
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Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Reference: 76 STATE 163113
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Review Authority: ShawDG
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Review Content Flags:
Review Date: 05 APR 2004
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Review Markings:

Margaret P. Grafeld
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04 MAY 2006

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Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ANTITRUST: URANIUM PRODUCER'S CARTEL
TAGS: ETRD, UK, CA, FR, GE, AS, SF, OECD
To: PRETORIA CANBERRA BONN MULTIPLE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006